



JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER
CHAIRMAN



STATE ECONOMIC SNAPSHOTS

MARCH 2007

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State Economic News in One Place

National economic statistics are in the news every day, but it is not always easy to get a clear picture of what's happening at the state level. Knowing the latest trends in labor market conditions, education and child care costs, health care coverage and expenses, and gas prices are all critical to understanding the economic well-being of families in your state. While these statistics are all public, until now they have not all been collected on one page. The Joint Economic Committee (JEC) has compiled an extensive state-by-state economic snapshot that will help members of Congress and their constituents gauge the economic health of their state.

In this report, which will be updated and circulated monthly, you will find three key indices -- the Middle Class, Jobs, and Economic Security Indices. The **Middle Class Index** illustrates the costs families incur on a day to day basis. From filling up their cars to paying for child care -- it portrays the increasing fixed costs that contribute to feelings of economic anxiety. The **Jobs Index** examines the trends in your state's job market, and how many workers file for unemployment insurance when they lose their jobs. And the overall **Economic Security Index** sheds light on household income changes, those living in poverty, and those struggling to afford the costs of housing and health insurance in your state.

Measuring the Middle Class Squeeze

The rising costs of energy, child care, healthcare, and education, combined with lagging wages, have made raising a family a financial high wire act for many middle-income parents.

There is no greater reminder of everyday economic conditions for most Americans than the price of a gallon of gas. When gas prices swell, Americans' wallets shrink. Today, the national average retail price per gallon of unleaded gasoline is \$2.54, a full 33 cents higher than it was this time last month.

Most families with children in the 21st century economy face steep costs for caring for and educating their children. Today, it often takes two incomes to afford to raise a

family, which means that many families must shoulder high child care costs. And parents today know that their children will need a college education to succeed in the global economy, but they are having a harder time saving for college as tuition skyrockets.

On a monthly basis, families are paying a whopping \$587 on average to care for their young child, while families with two children are paying \$1,064. Additionally, families with college-age kids are paying an average of \$5,038 per year at public colleges and universities and \$18,838 at private colleges and universities. That is 56 percent more per year for public college tuition and fees and 35 percent more for private college tuition and fees than were charged six years ago.

To make matters worse, almost 4.6 million taxpayers nationally are being ensnared by the Alternative Minimum Tax (AMT), which is penalizing more and more middle-class families each year.

Families are also saddled with higher and higher health care costs, with family health insurance premiums averaging over \$10,000 a year in 2004, up 33 percent since 2001. Home equity is a key component of household wealth for many middle-class families, making housing values an important indicator of how well these families are doing. In 2005, the median home value was \$167,500. The average homeowner with a mortgage paid \$1,295 a month for their house, and homeowners without a mortgage spend \$369 a month in housing costs.

The Job Churn – Jobs Lost, Gained, or Shifted

The U.S. labor market is a constantly churning sea of job creation and destruction. On average, 18 million new jobs are created each year across the country, while 15 million jobs are lost. This churn can create great risk and uncertainty for working families, particularly for those workers in declining sectors, like manufacturing. Under President Bush, 3.0 million manufacturing jobs have been lost.

Moreover, overall job growth has been modest by the standards of past economic recoveries, averaging just 68,000 jobs per month over the Bush Presidency, compared to 237,000 jobs per month over the Clinton Presidency. In fact, President Bush is in a virtual tie with his father for the worst job creation record of any President since Hoover.

Even though the unemployment rate looks healthy at 4.5 percent, it remains higher than the 4 percent rate achieved in the expansion of the 1990s. And when people not in the labor force who say they want to work and people working part time because they cannot find full-time work are included, the unemployment rate would be *8.1 percent*.

State of Economic Security

Most American families have seen their standard of living erode under President Bush's watch. Median household income has declined by \$1,273 or 2.7 percent after inflation under the Bush presidency.

The poverty rate measures how many Americans are below the minimum poverty levels established by the federal government. Americans are considered poor if their annual incomes in 2005 were below \$15,577 for a three-person family, equivalent to \$1,298 a month. For a family of four, the poverty line was \$19,971 a year, or \$1,664 a month. In 2005, 12.6 percent of Americans and 19 percent of children were living below the poverty line – up from 11.7 percent and 17 percent in 2001, respectively.

Health insurance is another essential component for economic security in an era of mounting health care costs. The number of people without health insurance has grown by 6.8 million under President Bush to nearly 46.6 million Americans as of 2005.

A Snapshot, Not a Silver Bullet

It takes more than a cheat sheet of economic statistics to understand the economic landscape in any single state, or even the country as a whole. However, this breakdown should be one of the tools in your shed to understand and explain the economic security or insecurity of your state's families. There is no silver bullet to address these diverse economic areas of life, but knowing which areas need attention can help us address one at a time.

To find your state's economic snapshot, please go to:

WWW.JEC.SENATE.GOV/STATESNAPSHOTS.HTML

Sources: The Joint Center for Housing Studies, Harvard University, The Chronicle of Higher Education, Kaiser Family Foundation, Bureau of Labor Statistics, Census Data, Social Security Administration, Haver Financial Database, The Annie E. Casey Foundation, Agency for Healthcare Research and Quality.